

Filed for intro on 02/24/2003
SENATE BILL 1530 By
Henry

HOUSE BILL 1467
By Head

AN ACT to amend Tennessee Code Annotated
Titles 5, 6, and 9 relative to investments for
debt proceeds.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-4-602 is amended by adding the
following as a new subsection:

(c)(1) The state funding board is directed to establish policy and
procedures for investment of bond proceeds in guaranteed investment contracts,
including creditworthiness standards. Prior to the adoption or promulgation by
the state funding board of policy and procedures, the entities listed in this
subsection may enter into such investments to the extent otherwise authorized in
this chapter or in any other law notwithstanding . Nothing in the provisions of
this subsection is intended to alter any existing authority in this chapter or in any
other law otherwise providing authority for an investment heretofore entered

into or entered into prior to the adoption or promulgation by the state funding board of policy and procedures.

(2) Bond proceeds means the proceeds from the sale of bonds, notes, and other obligations issued by the state funding board, the state school bond authority, the local development authority, state housing development agency and the state veterans' homes board, and reserves and funds maintained for debt service purposes.

(3) A guaranteed investment contract is an authorized investment for bond proceeds if the guaranteed investment contract:

(A) has a defined termination date no later than five and one-half years from the date of issuance of the debt obligations, except for funds held in a debt service reserve fund which shall be no later than the final maturity of the debt obligations;

(B) is secured by obligations described in section 9-4-103 and secured at a level as required by section 9-4-105, deposited with the entity or with an independent third party selected and approved by the entity in the name of the entity; and

(C) complies with standards in the policy established by the state funding board.

(4) The governing body of the entity must expressly authorize in the resolution or action authorizing the issuance of bonds guaranteed investment contracts as an eligible investment.

SECTION 2. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect the provisions or application of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 3. This act shall take effect July 1, 2003, the public welfare requiring it.